

31 March, 2014

Main aggregates of General Government
2013 – Half-finalized data

Main Aggregates of General Government

Statistics Portugal presents the provisional results on the main aggregates of General Government for 2013 sent to Eurostat accordingly with the ESA95 transmission programme.¹

The General Government sector accounts are compiled accordingly with the concepts and definitions of the European System of National and Regional Accounts 1995 (ESA95). In addition, specific guidelines of the Manual on Government Deficit and Debt are applied.²

These results are fully consistent with the first notification of 2014 for the Excessive Deficit Procedure (EDP).

The tables with the results on the Main Aggregates of General Government for 2012 and 2013 are presented below.

TABLE 1: MAIN AGGREGATES OF GENERAL GOVERNMENT - HALF-FINALIZED DATA
TIME: 2013

Unit: Millions of euros

| Transaction code | Transaction label | General Government | Central Government | Local and Regional Government | Social security funds |
|------------------|---|--------------------|--------------------|-------------------------------|-----------------------|
| | | S13 | S1311 | S1313 | S1314 |
| TE | Total general government expenditure | 80,651 | 59,701 | 10,639 | 23,446 |
| TR | Total general government revenue | 72,410 | 50,639 | 11,047 | 23,858 |
| B.9 | Net lending (+)/Net borrowing (-) (National accounts balance) | -8,241 | -9,061 | 408 | 412 |
| EDP - B.9 | Memorandum item: Net lending (+)/Net borrowing (-) under the EDP (a) | -8,122 | -8,942 | 408 | 412 |

Footnote:

^(a) According to Commission Regulation (EC) N^o. 351/2002, amending Council Regulation (EC) N^o. 3605/93 as regards references to ESA 95, the classification of interest flows under swap contracts and forward rate agreements (FRAs) has a specific treatment for the data transmitted under the excessive deficit procedure. This approach has impact in the difference between the Balance Net lending (+)/Net borrowing (-) according the European System of National and Regional Accounts (ESA95) – B.9 and the balance under the excessive deficit procedure EDP-B.9.

For total revenue (TR) and total expenditure (TE) the sum of sub-sectors does not equal the sector value, due to consolidation of some transactions.

¹ Regulation (CE) n^o 2223/96 of the Council, from 25th June 1996, on the European System of National and Regional Accounts.

² This document can be downloaded from http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-RA-13-001/EN/KS-RA-13-001-EN.PDF

The General Government accounts associated to the present EDP notification are the last presented accordingly with ESA95. In the next EDP notification in September 2014 the results will be compiled accordingly with the new European System of Accounts 2010 (ESA 2010).

TABLE 2: GENERAL GOVERNMENT REVENUE

Unit: Millions of euros

| Time | General Government | | | |
|--|--------------------|--------|--------|--------|
| | S13 | | | |
| | 2010 | 2011 | 2012 | 2013 |
| Total Revenue | 71.991 | 77.043 | 67.574 | 72.410 |
| Current Revenue | 67.079 | 69.229 | 65.077 | 70.907 |
| <i>of which:</i> | | | | |
| Taxes on production and imports | 23.040 | 23.499 | 22.539 | 22.568 |
| Social contributions | 21.270 | 21.048 | 19.135 | 20.140 |
| Current taxes on income, w ealth, etc. | 15.222 | 16.882 | 15.272 | 19.522 |
| Capital Revenue | 4.912 | 7.814 | 2.497 | 1.503 |

Total General Government revenue increased between 2009 and 2011, dropped in 2012 and then recovered in 2013, attaining a level similar to the one exhibited in 2010. It is worth noting that the figures for 2010 and 2011 reflect the occurrence of extraordinary events which mainly affected capital revenue, such as the recording of 2804 million euro corresponding to the transfer of the pension funds of Portugal Telecom and 5590 million euro referring to the transfer of the pension funds of the banking sector in 2011.

As for current revenue, this aggregate increased in 2013, following the decrease exhibited by tax revenue in 2012. Such evolution is primarily due to the behaviour exhibited by the revenue associated with both current taxes on income and wealth and social contributions. These aggregates rose by 27.8% and 5.2%, respectively, comparing with 2012, partly reflecting the extraordinary revenue associated with the one-off debt regularisation scheme for outstanding tax and social security contributions, amounting to 1280 million euro.

TABLE 3: GENERAL GOVERNMENT EXPENDITURE

Unit: Millions of euros

| Time | General Government | | | |
|----------------------------|--------------------|--------|--------|--------|
| | S13 | | | |
| | 2010 | 2011 | 2012 | 2013 |
| Total expenditure | 89.019 | 84.423 | 78.244 | 80.651 |
| Current expenditure | 79.116 | 77.622 | 73.386 | 76.627 |
| <i>of which:</i> | | | | |
| Compensation of employees | 21.157 | 19.422 | 16.510 | 17.789 |
| Capital expenditure | 9.902 | 6.801 | 4.857 | 4.024 |

Total General Government expenditure also increased in 2013, following the decrease observed in the previous year. Nevertheless, the growth rate of total expenditure in 2013 was lower than the one exhibited by total revenue. Furthermore, current and capital expenditure evolved in opposite directions: current expenditure increased, whereas capital expenditure diminished.

On the one hand, the increase in current expenditure in 2013 is associated with the positive evolution of both compensation of employees (7.7%) and social contributions and benefits (5.6%). It is also worth mentioning that the Main Aggregates of General Government – March 2014

upward behaviour of the expenditure associated with compensation of employees reflects the payment of the holiday and Christmas allowances, which did not occur in 2012.

On the other hand, capital expenditure decreased, mainly due to a reduction of 34.6% in capital transfers paid by General Government. This evolution essentially results from a base effect associated with the recording of the capital increases in Caixa Geral de Depósitos and Sagestamo (amounting to 1.5 thousand million euro) as capital transfers in 2012. It should also be mentioned that the amount of capital transfers paid by General Government in 2013 reflects the recording of the capital increase in BANIF – Banco Internacional do Funchal, SA, amounting to 700 million euro.

TABLE 4: GENERAL GOVERNMENT BALANCES

Unit: Millions of euros

| Time | General Government | | | |
|--|--------------------|--------|---------|--------|
| | 2010 | 2011 | 2012 | 2013 |
| Net lending (+) / net borrowing (-) (National Accounts balance) | -17.028 | -7.380 | -10.669 | -8.241 |
| Current balance | -12.037 | -8.393 | -8.309 | -5.720 |
| Primary balance | -12.132 | -509 | -3.515 | -1.058 |

Net borrowing of General Government improved in about 2,400 million euro in 2013, comparing with the previous year. This evolution is mainly due to the evolution of Central Government, since the joint balance of Regional and Local Governments remained at a similar level to the one exhibited in 2012.

Regarding primary balance, corresponding to the global balance excluding the net payments related to interest, it attained -1,058 million euro in 2013, significantly improving when compared to the figure for 2012.